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TAGS: [ECON](#) [EINV](#) [EFIN](#) [ETRD](#) [ENRG](#) [PGOV](#) [PREL](#) [EG](#) [AS](#)  
SUBJECT: Contract Signed for Egypt's First Nuclear Plant

REF: A. CAIRO 25  
[1](#)B. CAIRO 862

[1](#)1. (SBU) Key Points

-- On June 18, 2009, the GoE signed an agreement with the Australian firm WorleyParsons to provide consultancy to help develop Egypt's first nuclear power plant.

-- Bechtel had been engaged in months of negotiations with the GOE, but ultimately Bechtel's tender offer to provide consultancy was excluded by the Ministry of Electricity and Energy (MoEE) on April 29, 2009.

-- Though Worley is an Australian firm, it has major U.S. operations and we expect significant U.S. content in the new plant.

[1](#)2. (SBU) On June 18, 2009, WorleyParsons Ltd. signed a contract with the Egyptian Ministry of Electricity and Energy for the development of Egypt's first Nuclear power plant. Ambassador Scobey, Australian Ambassador Stephanie Shwabsky, and Egyptian Prime Minister Dr. Ahmed Nazif were present at the signing along with Worley's President, Ron McNeilly and Dr. Rames Khalil, Worley's Regional Power Manager for Egypt and Africa.

[1](#)3. (SBU) Khalil told us he expects significant U.S. content in the project, including U.S. engineers employed to build local capacity and transfer technology to the Egyptian side. WorleyParsons plans to bring nuclear engineers from the United States (where they have 1,500 engineers) and Bulgaria to work with and instruct their Egyptian counterparts. In addition to the United States, Russia, France, and China have indicated interest in becoming involved in the nuclear project.

[1](#)4. (SBU) COMMENT: The Ambassador attended the signing ceremony in order to convey USG support for Egypt's civil nuclear power program and for the expected U.S. component in the upcoming project. With over 40% of its assets based in the United States, WorleyParsons has a large U.S. presence. The company employs more than 1,500 American employees in 24 offices in the United States. Despite disappointments surrounding Bechtel's failed negotiations, now that WorleyParsons has completed tender negotiations and signed the agreement with the GOE, we consider this a closed deal and will support U.S. inclusion in Egypt's nuclear power program as much as possible through this agreement. End Comment.

[1](#)5. (SBU) BACKGROUND: In December 2008, the Egyptian Nuclear Power Plants Authority (NPPA), part of the Ministry of Electricity and Energy, awarded Bechtel Power Corporation a 10-year contract worth \$188 million to consult on and help design Egypt's first nuclear power plant (reftel A). A committee formed from different government agencies selected Bechtel over seven other corporations. However, during the negotiation phase, one of the main points of contention between Bechtel and the GOE was the issue of nuclear insurance liability. After many delays, this issue was eventually resolved by

Bechtel agreeing to NPPA's requests.

¶6. (SBU) On April 29, Bechtel received a letter from the NPPA stating that their proposal was not compliant with the tender document and was therefore excluded (reftel B). On May 1, the Australian firm WorleyParsons began contract negotiations with NPPA to provide consulting services to help build Egypt's nuclear power plant.

¶7. (U) WorleyParsons Limited is Australia's largest engineering firm and is also one of the world's largest engineering design firms. Formed in the 2004 merger between Parsons E&C and Worley Engineering, the company has designed, constructed, or managed the construction of more than 250 gas processing plants, 600 chemical and petrochemical facilities, and 370 power plants worldwide. WorleyParsons is traded on the Australian stock exchange and over 40% of the company is made up of U.S. assets. The company has a market capitalization of greater than \$3.1 billion. WorleyParsons has 114 offices globally including 24 in the U.S. and a U.S. headquarters in Houston. It employs 31,700 people including 6,000 in the United States.

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